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FEDERAL COMMUNICATIONS COMMISSION

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of	)	
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Implementation of Sections of the Cable Television Consumer Protection and Competition Act of 1992	)	MM Docket No. 93-215

Rate Regulation

COMMENTS ON NOTICE OF PROPOSED RULEMAKING

Regarding A Regulatory Framework to Govern Cost-Based Rates for Cable Television Service

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INTRODUCTION: The impact on Small Businesses as well as small "Systems" should be considered by the FCC under its proposed rules.

The Commission's recent stay of rate regulation for small cable systems and commencement of new rulemaking to consider small system issues is a hopeful sign that the Commission is aware of the differential impact that the Commission proposed rules threaten to have according to size.

However, while the Commission action suggests the possibility that the FCC will treat small systems differently than larger ones, Small Cities wishes to emphasize the importance of also treating small companies differently. Our comments below will expand on this point.

BACKGROUND ON SMALL CITIES CABLE TELEVISION:

Small Cities was founded as a Vermont Limited Partnership in 1985 by the General Partner, Paul J. Growald. Its ten full-time and two part-time employees (plus the general partner who is compensated through a portion of a management fee paid to a company he controls) serve 4,000 subscribers in six towns located South of Burlington, in Northern Vermont. All but one (purchased from Warner-Amex in 1985) were not cabled until Small Cities received its Certificate of Public Good, arranged financing, and built the system from scratch. Gross annual revenues in 1992 were $1.5 million.

Since 1985 Small Cities has added an annual average of about 5 miles of new cable plant to its base of about 100 miles at activation. In the process, the Partnership it has invested about 5% of its original capitalization in new plant line extensions and equipment rather than distributing funds to partners. As a result, the ten limited partners have received only a total of $30,000 in cash distributions over eight years, or about 4/10 of one percent of their initial $900,000 equity investment.

Despite being one of smallest cable companies in Vermont, Small Cities was the first to offer addressability and to employ a fully-computerized customer service and billing system to improve the quality of its service.

I. SMALL COMPANIES WILL BE HURT FAR MORE THAN BIG ONES UNDER PROPOSED COST-OF-SERVICE RULES.

For example, TCI recently predicted that its revenues will drop about 4% because of the new law. The biggest cable company has diversified media holdings in addition to its with more than 10.5 million subscribers, many in cities and suburbs. With a huge staff and these multiple income sources to draw from in addition to cable television service charges to individual subscribers, TCI is less at risk than small companies under cost-of-service proposals.

Whether or not they are diversified, bigger companies receive huge volume discounts compared to small companies on programming and virtually everything they buy. To cite one small example, a piece of computer software sold by a consulting firm for use in completing FCC forms was quoted as costing $895 for both TCI with 10.5 million subscribers and for Small Cities Cable Television with 4,000. In addition to these continuing advantages, small companies cannot afford costly CPA's and other consultants to ferret out loopholes and to support our cost-of-service cases.

Small Cities therefore appeals to the Commission to establish a Cable Cost Advisory Program (similar to "NECA", the National Exchange Carrier Association, for rural telephone companies whose funders reportedly serve an average of 5,000 lines) to support cable television cost-of-service showings. (see, 47 C.F.R.§69.601 for FCC rules establishing NECA)

II. IF THE FCC MAKES COST-OF-SERVICE DETERMINATIONS ON THE BASIS OF BRIEF FORMS, ITS FINDINGS MAY NOT FULLY REFLECT THE ADDED COSTS AND PARTICULAR CIRCUMSTANCES OF SMALL COMPANIES. THE RESULT COULD BE TO FORCE THOSE COMPANIES INTO FINANCIAL PERIL WITHOUT ADEQUATE HEARINGS.

Little companies like Small Cities Cable are often managed by those who personally guarantee their debt, and pay full price for everything. Yet many of these small companies could see their revenues fall 20% to 30% if they reduce their total charges to benchmark/cap prices.

III. THOSE COMPANIES IN RURAL AREAS WHO HAVE GIVEN GOOD SERVICE, EXPANDED THEIR TERRITORIES, AND ADDED NEW CHANNELS IN PRIOR YEARS NOW MAY BE PENALIZED FOR DOING WHAT CONGRESS WANTS AND IS BEST FOR CONSUMERS.

Small, independent companies who have given quality service and kept themselves state-of-the-art are threatened with penalties as a result of having upgraded channels over the years and added other innovations. Small Cities Cable Television has upgraded the one system we purchased, wired more than 3,000 homes previously unserved by MSO's, increased channels, added addressability, tied together or eliminated the need for additional head-ends, and virtually always exceeded the new customer service requirements. Because rates per channel allowed under the benchmark system go down as more channels are offered, those operators who are still offering 1970's-style Plain Old Cable service on fewer than 25 channels can charge nearly as much as those offering far more.

Systems with 25 or fewer channels today are very likely to be fully depreciated, because equipment of that capacity has not been manufactured in more than 15 years. They will not therefore be likely to choose cost-of-service, for the benchmark/price cap system treats them well, by rewarding a failure to stay state-of-the art.

These results are directly contrary to what members of Congress have said the Cable Act intended, what the Act states, and what thoughtful regulators given adequate time and resources to develop regulations would be expected to seek.

We acknowledge that tight timetables for implementation written into the Cable Act, limited staff available at the FCC, and pressure from influential members of Congress created an enormous squeeze on the Commission in preparing the regulations addressed in this comment. However, we urge the Commission to do everything it can to allow their appropriate revision to avoid a public policy debacle of major proportions.

IV. A NATIONAL SYSTEM TO DETERMINE COSTS AND REASONABLE PRICES FOR SMALL, RURAL CABLE COMPANIES IS NEEDED. A WORKABLE MODEL IS THE NATIONAL EXCHANGE CARRIER ASSOCIATION (NECA) CURRENTLY USED BY THE FCC FOR RURAL TELEPHONE COMPANIES. (See, 47 C.F.R.§69.601) USING THIS SAME TELEPHONE MODEL, THE COMMISSION SHOULD CONSIDER A PROGRAMMING POOLING SYSTEM TO EQUALIZE PURCHASE PRICES BETWEEN BIG AND SMALL, URBAN AND RURAL CABLE COMPANIES.

Under its "benchmark" price system, the Commission requires that companies with only a few thousand subscribers charge the same as mega-corporations with many millions of customers. Yet small companies presently pay far more for programming and other expenses. Unless a system such as a purchasing pool with rural company rebates is established to equalize these costs or some other mechanism is employed to provide relief to small companies who mostly serve sparsely-populated areas, many could be devastated under the FCC's proposed rules.

Small, rural cable companies must be assured adequate access to capital or we will be unable to operate successfully and expand into new areas and offer more channels and services to help bring modern telecommunications services to the rural areas we serve in the years ahead.

Small, rural cable television companies are the corner grocery stores of television. They commonly give more personal service and serve fewer than 30 customers per mile of cable line, while big city systems may have several hundred subscribers per mile. Capital costs per household are therefore higher in rural areas. In addition, small companies pay far more than the biggest cable tv operators for channels like CNN, ESPN, USA and Discovery. Higher costs and prices and lower profits result.

V. THE COMMISSION, STATE REGULATORS AND CONGRESS HAVE TRADITIONALLY RECOGNIZED THE HIGHER COSTS OF PROVIDING TELEPHONE AND ELECTRICAL SERVICE TO RURAL AREAS BY SMALLER COMPANIES. A VARIETY OF SUBSIDIES AND REVENUE SUPPORTS HAVE BEEN ESTABLISHED IN RESPONSE. SIMILAR RECOGNITION SHOULD NOW BE GIVEN FOR SMALL, RURAL CABLE TELEVISION COMPANIES.

Both Federal and State regulators have traditionally recognized higher operating costs and allowed rural electrical utility and telephone companies to charge higher rates and to receive other special consideration. In addition, the Federal Government has also created mechanisms to provide low interest loans to power and phone companies serving the countryside.

The FCC has established a mechanism to allow rural telephone companies (many of whom are small) to make cost showings as a group to justify the higher average costs they must charge to do business. This mechanism is also used to subsidize local phone rates, equalize access charges and allow callers to pay about the same for long distance services regardless of the origination and destination points of their calls. Yet the Commission's proposed rules have not made this allowance for cable tv, despite the fact that the rates we charge may not be unreasonable because of higher costs.

After price controls on cable television were removed effective in 1986, hundreds of small cable television companies mostly owned by entrepreneurs sprang up or expanded to serve unwired sparsely-settled areas previously bypassed by big corporations. They grew without the subsidies enjoyed by telephone or electric utilities, and in many cases charged slightly higher prices to account for increased costs of rural service.

If these rate differentials between urban and rural cable rates are suddenly removed as proposed by the FCC, many locally-owned rural cable tv companies will vanish.

VI. RURAL PORTIONS OF THE UNITED STATES' TELECOMMUNICATIONS SUPERHIGHWAY WILL BE DAMAGED UNLESS FCC GIVES RELIEF TO SMALL COMPANIES.

Without a new plan for rural and small companies, the FCC will have blown holes in rural portions of the developing telecommunications superhighway which they now serve. These areas, only accounting for one of every ten cable customers, are home to eighty percent of the cable tv companies in the U.S. If serving the countryside becomes unprofitable for cable television companies, investments in advanced services and new channels could be delayed indefinitely in those areas as investment stays in the cities.

It is unlikely that Congress or the FCC intended to hurt rural cable subscribers or small companies under the Cable Act of 1992. The Commission now has the power to avoid doing what could be lasting damage to both.

COMMENTS ON PROPOSED RULES, BY PARAGRAPH AND SUBJECT

Paragraph 7: FCC's REGULATORY GOALS MUST NOT LOSE SIGHT OF CONGRESS INTENT TO CONTROL UNREASONABLE CABLE PRICES. PRICES WHICH CONSUMERS FEEL ARE "HIGH" MAY STILL BE REASONABLE BY NORMAL ECONOMIC MEASURES. THE COMMISSION SHOULD MAKE THOROUGH, FAIR, DETERMINATIONS ON THIS SUBJECT.

Comments: Before rates were deregulated, most consumers watched 5 or 6 channels from a choice of perhaps 20. Today they watch about the same number of channels, but choose from 40 or more. The average consumer spends no more time watching tv than they did a few years ago, even slightly less. While their satisfaction level may be somewhat higher, it feels like they pay far more for the same television as before.

Consumers remember rates before rate deregulation. But they do not remember their limited channel choices. Nor do consumers widely recognize how it costs cable companies money to provide even those channels which a subscriber does not watch.

Cable television rates are higher today. But in view of smaller companies costs, particularly if they serve fewer than 30 customers per mile of cable, they may not be unreasonably high. The danger here is that the FCC will establish a bureaucracy which cannot admit that cable prices are, in fact, generally not unreasonable without threatening its own existence.

It is presumably in recognition of the danger of a permanently-self-perpetuating bureaucracy that the FCC mandated creation of NECA to provide cost data for rural telephone companies, most of which are small. As guardians of the nation's telecommunications system, the Commission must avoid setting up a self-perpetuating system which will cripple true competition in the future by slowing down one of the most innovative, fast-moving sectors within it.

Is a benchmark, price-cap and cost-of-service system acceptable as a method of regulation?

Comments: If based on reliable data, fairly applied, Small Cities agrees with the goal of using a benchmark, price cap and cost of service system as potentially workable to regulate cable television rates, **provided that the system allows rates which reflect the costs of attracting capital** to businesses providing quality services in an increasingly competitive, fast-changing economic environment for video entertainment, information, and other telecommunications services. While the present system appears sound, the assumptions and data which underlie it may be faulty, making its application, as proposed, deeply flawed.

Small Cities respectfully urges the Commission in its implementation of the Cable Act to consider this possibility in order to avoid potentially irreparable harm to the nation's telecommunications infrastructure and consumers.

<u>Questions</u>: What rate levels should be produced in relation to benchmark rates?

<u>Comments</u>: The benchmark rates were established using survey data taken overwhelmingly from systems serving more densely-populated communities. (See Reply to Oppositions to Petitions for Reconsideration, MM Docket 92-266, by Televista Communications, Inc.) In addition, they did not consider the costs associated with the rates being charged. As a result, benchmark rates have been set at levels which fail to:

1. account for the costs associated with providing service to low-density areas;

2. consider differentials between the costs of large, multi-system operators and small, independent companies;

3. acknowledge that the rates being charged in a significant proportion of the competitive markets in the survey may have been subsidized in one form or another, either directly or indirectly, and therefore do not accurately reflect a truly "free-market" competitive price for the services provided.

This being the case, Cost-of-Service rates could be expected to be higher than the benchmarks by the difference between the benchmarks and the actual costs of doing business, including attracting capital and obtaining a reasonable profit, in any particular cable system and by the system's current owners.

__Question__: **What role should a cost-based approach play in regulation of cable service rates?**

__Comments__: Small Cities agrees that the cost-based approach should allow regulatory authorities to evaluate whether companies operating under special or particular circumstances which do not allow them an acceptable profit under the benchmarks should be permitted to charge rates which allow them such profits in order to stay in business.

__Paragraph 10__: **Should the Commission's Cost-of-Service framework be guided by the goal of producing rates that approximate rates that "approximate competitive levels..., ie. approach the operators' costs?"**

__Comments__: **No. Small Cities believes that many of the competitive cable systems studied by the Commission and used in establishing benchmark rates may be losing money:** This belief comes from experience. A company affiliated with Small Cities owns a small cable system which faces significant competition as defined by the Commission. This company has fairly recently initiated service. It is losing money. It is virtually certain that the competing company is also losing money.

Small Cities maintains that if this system is representative of others in competitive situations in the Commission's sample, the benchmark rates derived from its research are invalid.

Median prices for competitive systems were used to determine the benchmarks. If any significant number of the systems studied were losing money, the allowable benchmark rates would be set below levels which would allow profits for many companies.

If the Commission has set benchmark rates at or near losing levels, or at levels which have been effectively subsidized by municipalities, MSO's or others with specialized or uncommon cost structures, the FCC will cause grievous and possibly lasting harm to the cable communications business in the U.S. because many companies would no longer be profitable if they charge rates based on the benchmark formulae. This would have serious consequences for the competitiveness of our country.

1. The "competitive" rates found by the Commission are likely to provide false price signals, having been set at below-cost levels rather than at true, market-based levels. To use them as guides for the cost-of-service framework would therefore be contrary to Congress' mandate to eliminate unreasonable rates without jeopardizing the cable industry's future.

2. Because of the rapidly-changing nature of technology and competition in the marketplace, a cost-of-service framework based on these so-called competitive prices would be in danger of responding too slowly to innovations.

The result would be a system which retards important telecommunications advances for the 21st Century.

3. The system might not adequately account for the risks involved. Rate levels must be allowed which accurately reflect the costs of doing business and attracting capital sufficient to provide subscribers with services which meet their interests, needs and desires in an increasingly competitive, rapidly-changing and risky marketplace. To allow less will cripple our nation's telecommunications infrastructure growth in rural areas.

Question: Should a cost-of-service approach be based on costs as determined under Commission requirements?

Comments: Yes, if they also allow a sufficient return on investment under current and changing capital market conditions to warrant continued financial attractiveness of the cable business, particularly to attract investors to smaller, independent companies serving rural areas, **and** if they allow all relevant costs to be considered. If the Commission fails to do this, numerous operators have said they believe that many smaller companies serving rural areas will be forced to sell to big corporations for vastly reduced prices. Small Cities wishes to report to the Commission that it is widely believed that major MSOs feel their savings in acquisition costs of smaller companies will meet or exceed their revenue reductions under the benchmarks. The number of media voices, diversity and the amount of local accountability will have been reduced.

If rural areas cannot be served profitably, once those small companies are gone it is unlikely that their buyers will invest in advanced services in rural areas with higher costs, lower demand and lower profit potential.

Paragraph 11: Should rates be set on a Tier-Neutral basis?

Comments: No. A tier-neutral regulatory system as the Commission proposes fails to include the fixed costs associated with providing basic cable service.

Cable systems which carry 12 or 120 channels still must both have offices, pay pole rental and electricity costs, employ customer service and technical personnel, rent tower and head end space, etc. A tier-neutral approach fails to recognize these differences.

Costs for many operating and some capital expenses are only marginally greater for a system with 30 or more channels than for one with 12-15. For example, hanging cable and hardware costs the same for a 550 MHz system with an 80 channel capacity as for a 220 MHz system with a 22 channel capacity, depending on design. Yet the proposed tier-neutral system assumes that the first dozen channels and the last dozen have equal costs associated with their provision.

If the Commission adopts this approach, it will be discouraging the addition of more channels and regulated services. The Cable Act stated in Sec 2,(b)(3) that more channels and services <u>should not</u> be retarded by the Commission.

<u>Paragraph 16</u>: What Alternative proposals for governing rates should be considered?

<u>Comments</u>: For small cable companies, Small Cities suggests a <u>National Exchange Carrier Association-type model</u> under which companies would finance an institution which would provide the FCC with quality cost studies and represent the interests of small companies in both cost-of-service studies and other rate-related matters. This approach would: (a) reduce the Commission's potentially staggering administrative burden; (b) produce a more level playing field for smaller cable operators, thereby not forcing them to sell to those more capable of enduring rigorous regulatory and administrative requirements; and (c) assure consumers of reasonable rates and relief from instances of so-called "gouging;" and (d) provide local franchise authorities with reliable sources of data upon which to base their decisions.

<u>Paragraph 19</u>: Use of FCC Prescribed Form and Worksheets

Small Cities applauds the Commission's attempt to simplify filings in this way, but offers a cautionary comment. The Commission should allow its staff the opportunity to test and refine its forms and instructions with input particularly from owner-operators of small cable companies.

Without careful testing and evaluation, which the tight deadlines of the Act have not heretofore allowed, forms may be employed which end up being misconstrued by smaller cable companies who cannot afford high-priced CPA's, attorneys and other consultants to assist with filing. This could result in inadvertent filing errors and misinterpretations. The Commission should give small, rural cable operators the ability to make their cases directly, with due process, to appropriate authorities without such added time and expense as to make the filings unaffordable.

Paragraph 20: Cost of Service Standards

Comments: The proposed rules should allow rates adequate to pay expenses plus earn a reasonable return on investment in line with associated risks and capital requirements. However, to apply cost-based rates for cable systems built before companies were regulated under this regime may be, in effect, an *ex post facto* law which is confiscatory in nature.

Many cable systems in rural areas were either built or extended because without rate regulation, they could charge sufficient rates where previously they could not. The Commission should take this fact into account in designing its final Cost-of-Service system.

Small Cities cautions that cost-based service rates have not traditionally been applied to:

1. Industries facing rapidly-increasing technological change and increasing competition, from both non-rate-regulated companies (DBS, MMDS and non-regulated divisions of telephone companies);

2. Industries providing non-essential services. Small Cities maintains that rate regulation of a luxury service is a bizarre concept.

Question: **The FCC must, of necessity, be aware of the pitfalls of establishing depreciation rates for an industry facing rapid technological change which outstrips the useful life of the plant.**

Comments: Useful life is **NOT** a reliable depreciation standard in an industry entering rapid technological and competitive change. The Commission may create undesirable consequences if it sets depreciation rates on the basis of useful life just as the telecommunications sector is about to explode with innovations. Crystal radios still receive AM signals and are therefore "useful", although technologically obsolete. The FCC should endeavor to let the marketplace set depreciation rates, not a bureaucracy.

Depreciation rates which are set too long by regulators could cripple the cable industry's ability to innovate and compete, particularly companies in serving niches with fewer non-regulated revenue sources. Setting rates which are too rapid could increase consumer prices to possibly unacceptable levels.

__Question__: **Should the FCC use one rate of return for all cable companies?**

__Comments__: No. To do so might spell death for small, independent cable tv companies serving areas which for decades before rate deregulation were overlooked by big MSOs. As stated repeatedly elsewhere in this document, small companies face costs for capital which are much higher than larger companies, reflecting higher risk. If independent companies could not achieve rates of return commensurate with those risks, their would be limited, and the number of media voices would shrink.

__Question__: **The Use of Cost-based regulation: If it looks like a duck, why not treat it like a duck?**

__Comments__: Platypuses have bills and webbed feet, like ducks. If the FCC feeds small cable companies (who require special diets) like a flock of mallard ducks, we could be seriously injured or crippled. In so-doing, it will predictably be the Federal Communications Commission, which is given responsibility for the result.

The duck in question is traditional cost-of-service and rate-base related regulation which has customarily been applied to utilities such as telephone and electric companies in which change has been glacial, clearly not the case today with cable television and related services.

The Commission faces the possibility that it could, in response to the Act, cripple the cable industry's rural arteries, this cloggin an essential portion of the United States' developing telecommunications superhighway. The danger is that the Commission, acting as stewards, may wound many small, essential telecommunications competitors, taking them out of the communications race and denying their customers access for many years.

Paragraph 24: Operating Expenses Should Include Pole Rentals and Management Fees.

Comments: Small Cities encourages the Commission to not overlook the cost of pole rentals as an operating expense. Enormous variations exist in these costs, which are directly related to both utility regulatory policies in effect in the service territory, and to the density of subscribers. Average pole rental rates in Vermont, for example, are $12.18 in Vermont, compared to only $4.24 nationally, according to one study summarized in Small Cities Appendix A prepared by the New England Cable Television Association. Management fees for limited partnerships should be allowed as the equivalent of corporate operations.

__Question__: **Should Profit be allowed on programming expense?**

__Comments__: It is critical to small companies serving rural areas that a profit be allowed on programming expense. This is because such companies must rely on our programming as the virtual totality of our business. Non-regulated services are generally of less interest to many rural customers, who commonly have lower incomes than their urban cable subscriber counterparts. And enhanced services are likely to be adopted far later by companies serving less-well-educated rural areas and small towns than those serving better-educated, wealthier, more change-oriented urban markets. "Plain old television" will therefore continue to be the mainstay of rural cable companies unless adequate incentives are provided to permit operators to expand their services into other areas. To allow small rural companies to only make a profit on our distribution lines, not our equipment or our programming, would remove the ability for us to upgrade our services as desired by Congress and advocates of an improved national infrastructure and the information highways of tomorrow.

Small Cities comments on this point that the benchmark rates thus far proposed clearly benefit those relatively few small cable operators who have kept their channel capacities and offerings very low, (below 25 channels) far below industry norms.

Those companies who have expanded neither their channel capacity nor their service territories, and instead have pocketed higher profits on often fully-depreciated plant and equipment, are now allowed under the benchmark rates, to charge very much the same prices as those companies like ours who have listened to regulators and customers and both added channels and extended our lines to new areas.

The Commission should encourage high quality service, extension to new areas, innovation, and reinvestment by companies as the best way to serve consumers and the public interest. The benchmark system as currently designed fails to do this without a cost-based alternative favorable to these decisions. Cost-of-service showings should be designed for use by companies like ours who have added new territories and services, plowing funds back into the business rather than paying profits to owners and limiting the quality of service and the number of channels to our customers.

Paragraph 25: Depreciation

Comments: A technical response on depreciation is beyond the capacity of Small Cities to comment without enlisting the support of expensive, and for us, unaffordable accountants, economists and consultants. However, the Commission should be aware that a great diversity may exist between "useful" life of cable plant and its technological or competitive life. A crystal radio or one with a manual analog dial will still receive the same AM signals and therefore have a "useful" life. But in a digital age, its market will be vastly diminished.

Small Cities encourages the Commission to consider **technological life** as a factor in setting depreciation policies, and to make rules which benefit those companies who continue to innovate, without disadvantaging smaller companies with less expertise and less demand for new technology in their communities.

Paragraph 28: Impact of cost recovery over maximum reasonable expected life of the plant.

Comments: Small Cities urges the Commission to apply maximum flexibility in this item, possibly allowing companies to revise their depreciation rates according to technological factors. Economic, technological and physical usefulness may all be different. The Commission should allow companies to therefore revise (possibly subject to recapture) their depreciation rates as circumstances change.

Paragraph 30: Prohibition against recovery of taxes by Partnerships and S Corporations.

Comments: This provision would tend to discourage reinvestment by the above entities in the business. Small Cities has, under direction and requirement of its franchise authority, constantly expanded its plant during its eight years of existence. The Cable Act also encourages such investment.

Without the ability to provide for taxes in our rates, or alternatively, to achieve a higher rate of return than big companies, smaller operators such as Small Cities will be forced to limit our reinvestment in the business and instead pay out as much as possible to our partners. This, in turn, will hurt the quality of service we offer, and reduce the number of customers we would otherwise reach.

The inability to pass on taxes paid by our limited partners has a further disadvantageous impact. When we pay for pole make-ready work by utilities, their bills include an add-on amount of about 38% to cover *their* tax costs. Yet if we do work for them, our partnership cannot add such costs. At the same time, those same utilities charge a state-wide average of $12.18 per year per pole, the highest in the nation.

Paragraph 46: Rate-of-Return, Single rate for all cable companies would put small companies in jeopardy.

Comments: Smaller cable television companies are inherently more financially risky than bigger ones. They therefore should be allowed a higher rate of return to account